A/64/13/Add.1

United Nations

Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Programme budget 2010-2011

General Assembly
Official Records
Sixty-fourth Session
Supplement No. 13A

Please recycle

General Assembly
Official Records
Sixty-fourth Session
Supplement No. 13A

Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Programme budget 2010-2011

United Nations • New York, 2009

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 0082-8386

[5 August 2009]

Contents

Chapter		*Page*
I.	Introduction to the 2010-2011 biennium budget	1
II.	Long and healthy life	20
III.	Knowledge and skills	22
IV.	A decent standard of living	24
V.	Human rights enjoyed to the fullest	26
VI.	Operational support services	28

Chapter I

Introduction to the 2010-2011 biennium budget

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established under General Assembly resolution 302(IV) of 8 December 1949 and became operational on 1 May 1950. Its mandate is to respond to the needs of Palestine refugees until a durable and just solution is found to the refugee issue. It is now one of the largest United Nations programmes, supporting a population of 4.67 million Palestine refugees under its mandate, with over 29,500 staff.

2. UNRWA's mission is to "help Palestine refugees achieve their full potential in human development under the difficult circumstances in which they live". The Agency fulfils this mission by providing a variety of essential services within the framework of international standards to Palestine refugees in the Gaza Strip, the West Bank, Jordan, Lebanon and the Syrian Arab Republic. Among United Nations agencies, UNRWA is unique in delivering services directly, and as such is similar in character to a public service organisation. UNRWA's mandate -which derives from the General Assembly and has evolved over time in response to developments in the operational context- extends at present to providing education, health, relief and social services, microfinance and emergency assistance to refugees, infrastructure and camp improvement within refugee camps, and refugee protection.

Context

3. UNRWA works against a backdrop of significant trends and pressures. These affect UNRWA's ability to realise its objectives and present challenges to which the Agency's Medium Term Strategy for the period 2010-2015 (MTS) seeks to respond. The factors include the absence of a peaceful solution to the Israeli-Palestinian conflict, ongoing denial of refugees' rights and recurrent armed conflict in some UNRWA locations, the policies and contributions of UNRWA's donor countries and changes taking place within the refugee population itself.

4. The refugee population has changed since the time of UNRWA's genesis. In 1950, there were approximately 750,000 Palestine refugees. Their number has increased by more than six times to 4.67 million in 2008, with an average annual growth rate of three per cent (though this is abating). In the past 20 years the refugee population has nearly doubled. Use of key UNRWA services has increased as a result. Population density and overcrowding in refugee camps is amongst the highest in the world. Critical demographic shifts are also apparent. The refugee population is predominantly made up of young people. More than 56 per cent of refugees were under 25 years of age in 2000. In addition, only 30 per cent of refugees now live within refugee camps.

5. While the refugee population compares well with middle income countries on some indicators of human development such as infant mortality, life expectancy, adult literacy and immunisation, the picture is less positive in other areas. The prevalence of non-communicable

diseases (NCDs) related to lifestyle is increasing, in line with global trends. There is extreme poverty and vulnerability in all fields of operation, and clear signs that this is worsening in some fields. Unemployment levels among refugees are also high in all fields.

6. The five fields in which UNRWA operates share similarities, but are also distinctive. In Jordan and the Syrian Arab Republic most refugees enjoy rights similar to local populations and mostly stable social conditions which afford them greater opportunities for human development. In Lebanon, in spite of considerable efforts by the government, the rights of refugees continue to be limited, reflecting the complex political situation of the country. Widespread devastation from Israel's military operation in December 2008 – January 2009 followed a period of protracted crisis in the Gaza Strip. Constant, low level violence and restrictions on movement characterise the West Bank. Over time these contextual factors have led to differences in the circumstances in which refugees find themselves, and determine what UNRWA can achieve and what must be the focus of UNRWA's resources and effort.

Planning assumptions

7. The continuing elusiveness of a peaceful resolution to the Israeli-Palestinian conflict and the related absence of a solution to the plight of refugees, preclude UNRWA from assuming a radical departure from the status quo in the medium term. Planning and budgeting is therefore predicated on the continuation of the status quo. However, UNRWA must remain ready to respond to changes in political and economic contexts within the current overall scenario. Political and security developments in particular, may require changes to UNRWA's focus in certain fields, such as in the level of resources required for emergency planning, and the cost of meeting the needs of refugees' sliding into deeper poverty if local economies continue to deteriorate.

8. Staff costs constitute the bulk of UNRWA's budget (see Table 4 and Figure 3). This is because the day to day direct delivery of services requires a large number of staff (over 29,500 currently). Efforts to maintain parity with host authorities' public sector salaries render the Agency's financial sustainability susceptible to economic volatility.

9. Should host and donor governments experience continued economic pressures, the demands on UNRWA will also intensify. A reduction in host government service provision for example in the Syrian Arab Republic or Jordan, or a decline in the value of donor contributions to UNRWA would allow only limited realisation of the Agency's goals and delivery of core services.

10. Trends within the refugee population necessitate a stronger focus on data gathering, statistical analysis, flexibility and better planning to ensure service delivery remains sensitive and responsive to the changing needs of the refugee population.

11. However, the MTS's strategic objectives and prioritization of services provide a tool responsive to varying resource levels. Under continued financial pressure, UNRWA will be guided by the MTS in the allocation of scarce resources.

Budget structure

12. This budget reflects the introduction in the Agency of new approaches to strategic planning and results based budgeting in line with United Nations best practice. Its structure reflects the Agency's MTS for the period 2010-2015 and its contents are the product of the implementation of programme cycle management. The chapters that follow and the expected accomplishments, indicators of achievement and measurements set out therein, reflect UNRWA's commitment to results-based planning and budgeting and a shift away from planning based primarily on inputs and activities.

13. The MTS identifies four human development goals for Palestine refugees, namely, to:

    a) have a long and healthy life;

    b) acquire knowledge and skills;

    c) have a decent standard of living; and

    d) enjoy human rights to the fullest extent possible.

14. From these four human development goals, 15 strategic objectives have been identified for the medium term, 2010 to 2015.

15. Implementation Plans have been prepared in each Field and for each Headquarters Department for the first biennium of the MTS 2010-2011. The Implementation Plans are based on the human development goals and strategic objectives set out in the MTS. Field Implementation Plans describe how UNRWA's five core programmes – Education, Health, Relief and Social Services, Infrastructure and Camp Improvement, and Microfinance – will be implemented during the 2010–2011 biennium in each Field in order to realize the expected accomplishments and outputs set out herein. In addition to describing the core programmes covered by the Agency's Regular Budget, the plans include projects (time-bound or temporal activities) that are complementary to the core programmes and which are subject to direct funding. Projects represent a key component to achieve the strategic objectives and implement the MTS.

16. Unlike previous budgets, this Budget includes a breakdown by goals and strategic objectives rather than by programme. The purpose of this innovation is to link financial resources directly to the achievement of results consistent with the Agency's strategy. It is in line with best practice, is in response to the demands of United Nations Member States and is in line with advice of the Agency's Advisory Commission.

17. The following pages contain the listed summary tables:

Figure 1: An Organizational Chart of UNRWA broken down by Department and showing the number of international and area staff located in each Department.

Table 1: A summary of the Programme Budget for 2010–2011 broken down by, amongst other things, Human Development Goal, Regular Budget and Project Budget.

Table 2 and Figure 2: A breakdown of the Regular Budget by Field with comparative figures for 2006–2007 and 2008–2009 biennia.

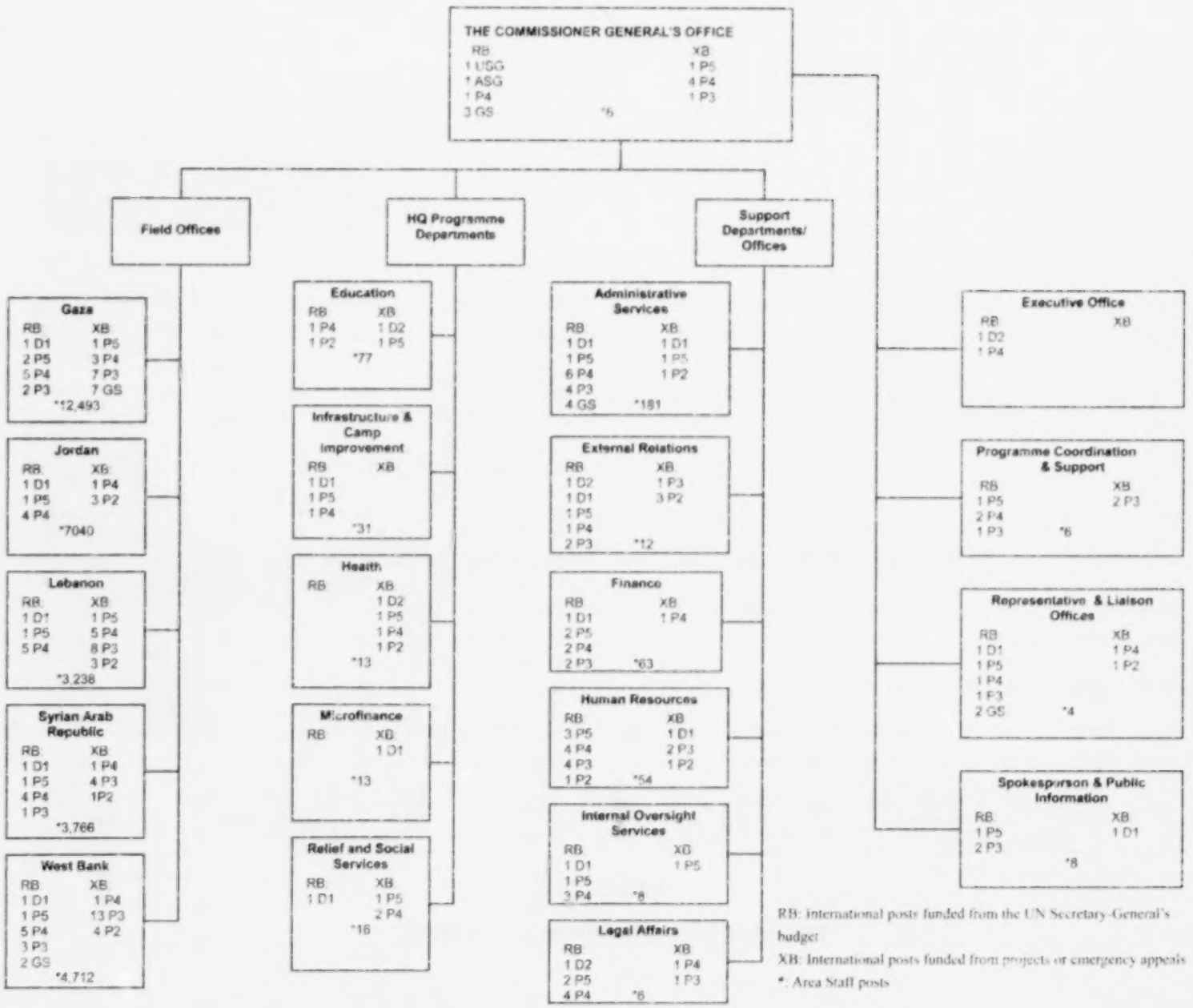
Table 3 and Figure 3: A breakdown of the Regular Budget by Human Development Goal with comparative figures for 2006–2007 and 2008–2009.

Table 4 and Figure 4: A breakdown of the Regular Budget by Category of Expenditure.

Figures 5 and 6: A breakdown of the project budgets by Human Development Goal and Field.

09-44459

Figure 1: UNRWA's organizational chart by department


THE COMMISSIONER GENERAL'S OFFICE
RB: 1 USG, 1 ASG, 1 P4, 3 GS; XB: 1 P5, 4 P4, 1 P3; *5
Field Offices
HQ Programme Departments
Support Departments/ Offices
Gaza
RB: 1 D1, 2 P5, 5 P4, 2 P3; XB: 1 P5, 3 P4, 7 P3, 7 GS; *12,493
Jordan
RB: 1 D1, 1 P5, 4 P4; XB: 1 P4, 3 P2; *7040
Lebanon
RB: 1 D1, 1 P5, 5 P4; XB: 1 P5, 5 P4, 8 P3, 3 P2; *3,238
Syrian Arab Republic
RB: 1 D1, 1 P5, 4 P4, 1 P3; XB: 1 P4, 4 P3, 1P2; *3,766
West Bank
RB: 1 D1, 1 P5, 5 P4, 3 P3, 2 GS; XB: 1 P4, 13 P3, 4 P2; *4,712
Education
RB: 1 P4, 1 P2; XB: 1 D2, 1 P5; *77
Infrastructure & Camp Improvement
RB: 1 D1, 1 P5, 1 P4; XB; *31
Health
RB; XB: 1 D2, 1 P5, 1 P4, 1 P2; *13
Microfinance
RB; XB: 1 D1; *13
Relief and Social Services
RB: 1 D1; XB: 1 P5, 2 P4; *16
Administrative Services
RB: 1 D1, 1 P5, 6 P4, 4 P3, 4 GS; XB: 1 D1, 1 P5, 1 P2; *181
External Relations
RB: 1 D2, 1 D1, 1 P5, 1 P4, 2 P3; XB: 1 P3, 3 P2; *12
Finance
RB: 1 D1, 2 P5, 2 P4, 2 P3; XB: 1 P4; *63
Human Resources
RB: 3 P5, 4 P4, 4 P3, 1 P2; XB: 1 D1, 2 P3, 1 P2; *54
Internal Oversight Services
RB: 1 D1, 1 P5, 3 P4; XB: 1 P5; *8
Legal Affairs
RB: 1 D2, 2 P5, 4 P4; XB: 1 P4, 1 P3; *6
Executive Office
RB: 1 D2, 1 P4; XB
Programme Coordination & Support
RB: 1 P5, 2 P4, 1 P3; XB: 2 P3; *6
Representative & Liaison Offices
RB: 1 D1, 1 P5, 1 P4, 1 P3, 2 GS; XB: 1 P4, 1 P2; *4
Spokesperson & Public Information
RB: 1 P5, 2 P3; XB: 1 D1; *8

RB: International posts funded from the UN Secretary-General's budget

XB: International posts funded from projects or emergency appeals

*: Area Staff posts

Table 1 Biennium budget 2010-2011

(USD'000s)

Goal	2010 Fiscal Year					2011 Fiscal Year					2010-2011 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash	In Kind	Total			Cash	In Kind	Total			Cash	In Kind	Total		
Long and Healthy Life	96,962	2,818	99,780	25,222	125,002	98,303	2,932	101,235	31,228	132,463	195,265	5,750	201,015	56,450	257,465
Knowledge and Skills	311,316	569	311,885	66,803	378,688	317,683	583	318,266	60,810	379,076	628,999	1,152	630,151	127,613	757,764
A Decent Standard of Living	74,875		74,875	124,941	199,816	77,601		77,601	108,680	186,281	152,476		152,476	233,621	386,097
Human Rights enjoyed to the Fullest	5,685		5,685	18,644	24,329	5,704		5,704	15,147	20,851	11,389		11,389	33,791	45,180
Support Services	90,850		90,850	26,363	117,213	88,995		88,995	12,923	101,918	179,845		179,845	39,286	219,131
Total Goal Requirements	579,688	3,387	583,075	261,973	845,048	588,286	3,515	591,801	228,788	820,589	1,167,974	6,902	1,174,876	490,761	1,665,637
Contingency Requirements	3,263		3,263		3,263	2,365		2,365		2,365	5,628	-	5,628	-	5,628
Area Staff Separation Benefit	5,078		5,078		5,078	5,078		5,078		5,078	10,156	-	10,156	-	10,156
Salary Increase Reserve	9,500		9,500		9,500	24,500		24,500		24,500	34,000	-	34,000	-	34,000
Maintenance Reserve	1,000		1,000		1,000	1,000		1,000		1,000	2,000	-	2,000	-	2,000
Total Other Requirements	18,841	-	18,841	-	18,841	32,943	-	32,943	-	32,943	51,784	-	51,784	-	51,784
Total Resource Requirements	598,529	3,387	601,916	261,973	863,889	621,229	3,515	624,744	228,788	853,532	1,219,758	6,902	1,226,660	490,761	1,717,421

Table 2: Regular budget requirements by field
(Cash and In-kind, USD'000s)

Field	2006-2007 Expenditure	2008-2009 Appropriation	2010-2011 Estimate	Resource Growth	
				Amount	%
Gaza Strip	270,267	385,345	408,024	22,679	5.89
Lebanon	112,993	146,041	148,403	2,362	1.62
Syrian Arab Republic	65,351	98,948	107,021	8,073	8.16
Jordan	176,385	230,310	231,681	1,371	0.60
West Bank	143,538	185,649	191,408	5,759	3.10
Headquarters	51,971	73,753	88,339[1]	14,586	19.78
Sub-total	**820,505**	**1,120,046**	**1,174,876**	**54,830**	**4.90**
Contingency Requirements[2]			5,628	5,628	-
Area Staff Separation Benefit[2]			10,156	10,156	-
Salary Increase Reserve[2]			34,000	34,000	-
Maintenance Reserve[2]			2,000	2,000	-
Sub-total	-	-	**51,784**	**51,784**	-
Total Budget	**820,505**	**1,120,046**	**1,226,660**	**106,614**	**9.52**

[1] Includes the cost of 14 additional international posts requested to be funded from the UN Secretary-General's Regular Budget, 3 of which are included in the Secretary (SG's) General's budget.
[2] Comparative figures for 2006-2009 are incorporated into the respective fields' expenditure/appropriation.

Figure 2: Regular budget by field
(Cash and In-kind, USD'000s)

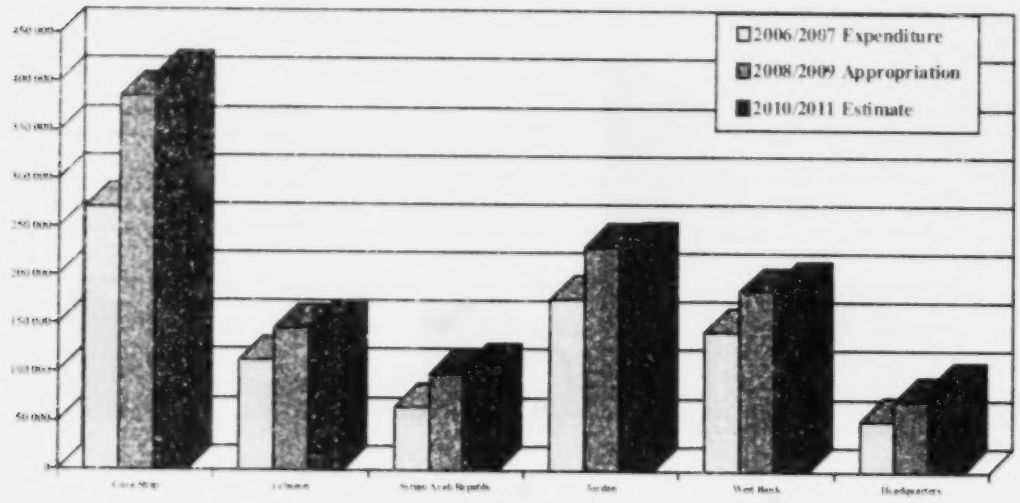


Table 3: Regular budget requirements by human development goal
(Cash and In-kind, USD'000s)

Goal	2006-2007 Expenditure	2008-2009 Appropriation	2010-2011 Estimate	Resource Growth	
				Amount	%
Long and Healthy Life	147,388	195,511	201,015	5,504	2.82
Knowledge and Skills	448,875	585,068	630,151	45,083	7.71
A Decent Standard of Living	104,379	171,427	152,476	(18,951)	(11.05)
Human Rights Enjoyed to the Fullest	10,769	12,289	11,389	(900)	(7.32)
Support Services	109,094	155,751	179,845 [1]	24,094	15.47
Sub-total	**820,505**	**1,120,046**	**1,174,876**	**54,830**	**4.90**
Contingency Requirements[2]			5,628	5,628	-
Area Staff Separation Benefit[2]			10,156	10,156	-
Salary Increase Reserve[2]			34,000	34,000	-
Maintenance Reserve[2]			2,000	2,000	-
Sub-total	-	-	**51,784**	**51,784**	-
Total Budget	**820,505**	**1,120,046**	**1,226,660**	**106,614**	**9.52**

[1] Includes the cost of 14 additional international posts requested, 3 of which are in the SG's budget.
[2] Comparative figures for 2006-2009 are incorporated into the respective Human Development Goal's (HDG's) expenditure/appropriation.

Figure 3: Regular budget by human development goal
(Cash and In-kind, USD'000s)

Table 4: Regular budget requirements by category of expenditure
(Cash and In-kind, USD'000s)

Category of Expenditure	2006-2007 Expenditure	2008-2009 Appropriation	2010-2011 Estimate	Resource Growth	
				Amount	%
International Staff Costs	40,910	47,665	61,256[1]	13,591	28.51
Area Staff Costs	595,401	789,278	816,390	27,112	3.44
Services	45,731	62,305	82,513	20,208	32.43
Supplies	81,831	128,751	126,921	(1,830)	(1.42)
Equipment & Construction	11,445	25,641	24,250	(1,391)	(5.42)
Premises	15,645	21,624	26,321	4,697	21.72
Grants & Subsidies	29,542	44,782	37,225	(7,557)	(16.88)
Sub-total	**820,505**	**1,120,046**	**1,174,876**	**54,830**	**4.90**
Contingency Requirements[2]			5,628	5,628	-
Area Staff Separation Benefit[2]			10,156	10,156	-
Salary Increase Reserve[2]			34,000	34,000	-
Maintenance Reserve[2]			2,000	2,000	-
Sub-total	-	-	**51,784**	**51,784**	-
Total Budget	**820,505**	**1,120,046**	**1,226,660**	**106,614**	**9.52**

[1] Includes the cost of 14 additional international posts requested, 3 of which are in the SG's budget.
[2] Comparative figures for 2006-2009 are incorporated into the respective Categories of Expenditure above.

Figure 4: Regular budget by category of expenditure
(Cash and In-kind, USD'000s)

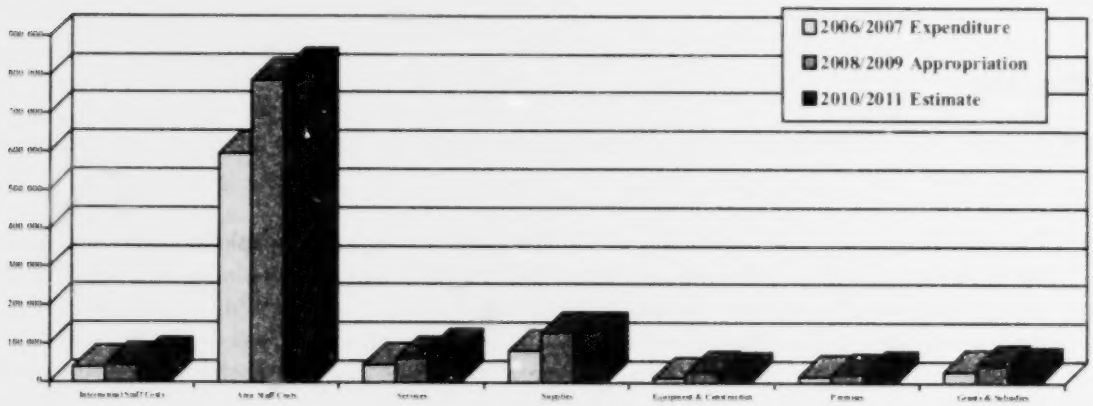


Figure 5: Project budget by human development goal
(USD'000s)

Human Development Goal	
Long and Healthy Life	56,450
Knowledge and Skills	127,613
A Decent Standard of Living	233,621
Human Rights Enjoyed to the Fullest	33,791
Support Services	39,286
Total	**490,761**

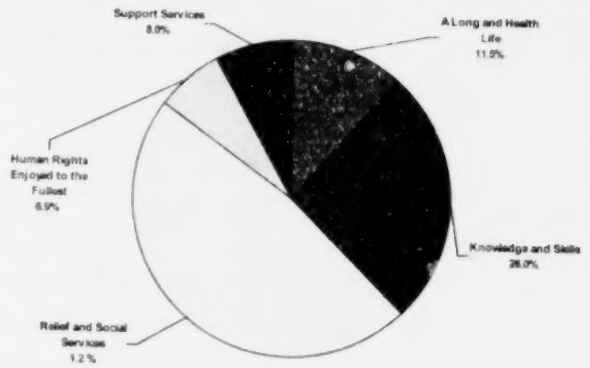
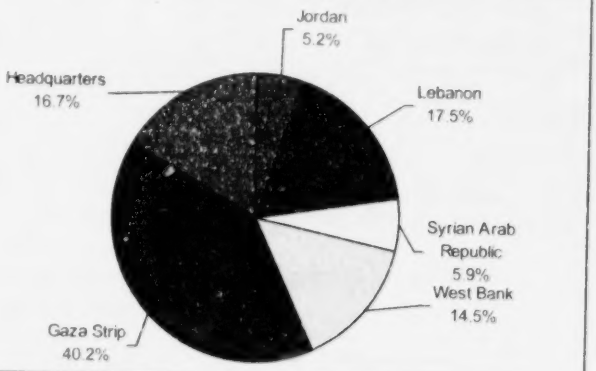


Figure 6: Project budget by field
(USD'000s)

Field	
Gaza Strip	197,395
Lebanon	86,013
Syrian Arab Republic	28,985
Jordan	25,458
West Bank	71,125
Headquarters	81,787
Total	**490,761**



Staffing table

18. In order to deliver its core programmes and projects, the Agency employs International and Area Staff.

19. Through Resolution 3331B(XXIX) of 17 December 1974, the General Assembly decided that the expenses relating to the emoluments of international staff in the service of UNRWA, which would otherwise have been charged to voluntary contributions, should be provided for under the United Nations Secretary-General's regular budget with effect from 1 January 1975 for the duration of the Agency's mandate. In the 2008–2009 biennium, the Secretary-General's regular budget funded 119 international staff posts.

20. Ninety nine international staff posts were funded from sources other than the Secretary-General's regular budget. Sixty four posts were funded by project funds, 18 Junior Professional Officers funded by governments, two posts funded by United Nations Educational, Scientific and Cultural Organization (UNESCO), two posts funded by the World Health Organization (WHO), one post funded by the Microfinance Department (MD), and one post funded by the Agency's provident fund.

21. A further 14 posts (two D-1, three P-5, seven P-4 and two P-3) were funded by UN Member States who provide financial support to the Agency's Organizational Development (OD) management reform programme. The Agency is seeking that the United Nations Secretary-General's Budget for 2010 – 2011 includes funds to cover the salaries and emoluments of these 14 posts. In this regard, the three-year OD programme has been funded on a voluntary basis since its inception in 2007 by a group of major donors to UNRWA, states which are also among the largest contributors to the United Nations assessed contributions budget. Their funding commitments, which expire in December 2009, were predicated on the assumption that the costs involved in paying the salaries of these posts would be mainstreamed into the United Nations Secretary-General's regular budget, to ensure sustainability of the efforts UNRWA has been making to strengthen its management structure, improve efficiencies and introduce modern systems of planning, monitoring and evaluation of programme delivery. As at the date of preparation of this Programme Budget, UNRWA had been informed that only three of the 14 international posts had been included in the draft of the United Nations Secretary-General's regular budget.

Table 5: International staffing requirements 2010-2011

Post Grade	UN Regular Budget*	Other Sources
A) Professional & Above		
USG	1	-
ASG	1	-
D2	3	2
D1	12	4
P5	20	8
P4	50	21
P3	22	39
P2/P1	2	18
Sub-total (A)	**111**	**92**
B) General Services	11	7
Sub-total (B)	**11**	**7**
Total (A+B)	**122**	**99**

* Included in the Regular Budget column are three additional international posts that have been recommended by the UN Controller for inclusion in the draft Secretary-General's Regular Budget 2010 - 2011. It does not include the remaining eleven required posts that the Agency seeks to be funded from the Secretary-General's Regular Budget 2010 – 2011.

22. UNRWA's core programmes are otherwise delivered primarily through 29,500 local ("Area") staff, the number of which will need to increase to over 31,700 by the end of 2011 (see Table 6 and Figure 7) if the Agency is to realize the achievements set out in this Budget.

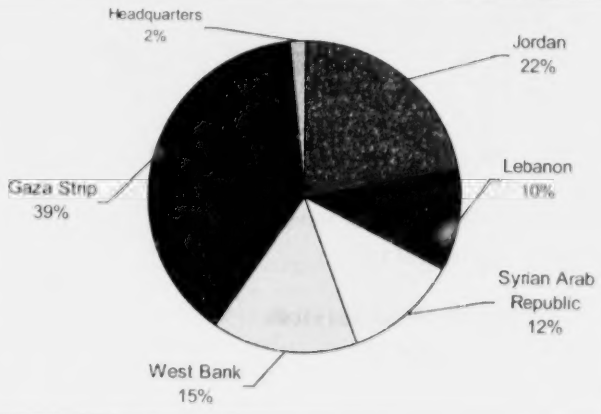
Table 6: Estimated number of area staff at 31 December 2011 by human development goal

Goal	Gaza Strip	Lebanon	SAR	Jordan	West Bank	HQs	Total
Long and Healthy Life	1,566	580	520	1,071	880	13	4,630
Knowledge and Skills	9,375	2,005	2,643	5,193	2,741	74	22,031
A Decent Standard of Living	908	302	309	413	600	62	2,594
Human Rights Enjoyed to the Fullest	65	38	34	48	39	2	226
Support Services	579	313	260	315	452	347	2,266
Grand Total	**12,493**	**3,238**	**3,766**	**7,040**	**4,712**	**498**	**31,747**

Area staff numbers are, due to funding shortfalls, only planned to grow by three social worker posts in Gaza between 2010 and 2011.

Figure 7: Estimated number of area staff at 31 December 2011, by field

Field	
Gaza Strip	12,493
Lebanon	3,238
Syrian Arab Republic	3,766
Jordan	7,040
West Bank	4,712
Headquarters	498
Total	**31,747**



Financial situation

23. With the exception of international staff posts funded by the General Assembly through assessed contributions, UNRWA's on-going operations, projects and emergency appeals are funded by voluntary contributions of donors.

24. Table 7 below shows the funding status of UNRWA's budget for 2008, including activities funded through un-earmarked contributions to the Regular Budget as well as earmarked contributions (e.g. for food and Organizational Development).

25. The financial results for the fiscal year 2008 clearly illustrate the funding shortfalls experienced by the Agency in its efforts to implement its mandate. The funding gap for the regular budget funded through un-earmarked voluntary contributions amounted to $64.6 million and the projects budget experienced a shortfall of $24.7 million

Table 7: Funding status of the agency - 2008
(USD millions)

	Regular Budget		Projects	Emergency Appeal
	Budgeted activities	Unbudgeted activities		
Budget	524.5[1]		116.5	262.4
Contributions Income	481.0	41.1[2]	91.8	171.8
Funding Gap	**(43.5)**	-	**(24.7)**	**(90.6)**
Additional expenditure[3]	**(21.1)**			
Net funding gap	**(64.6)**			

[1] The budget represents the original budget less $20.1m recovered through Programme Support Costs (PSC).
[2] Represents income earmarked for activities that were not included under the published Programme Budget for 2008 (for example, for the Organizational Development programme and reforms of the Special Hardship Cases programme).
[3] Consists of $16.3 million of exchange rate losses, $12.4m of adjustments in respect of donor pledges and $7.6 million of interest income.

26. The 2008 Emergency Appeal in the oPt was under-funded by $90.6 million.

27. Current projections of income and expenditure for 2009, shown in Table 8 below, indicate a funding gap for the regular budget of $78.3 million when comparing the budgeted expenditure of $548.6 million with total expected income (based on indicative estimates from donors and estimated interest income) of $470.3 million to the General Fund – the mechanism for un-earmarked, voluntary contributions for the Agency's Cash and In-Kind requirements. Without additional contributions, the Agency will not be in a position to fully implement its budgeted activities.

Table 8: Income and expenditure forecast - 2009
(USD millions)

	Regular Budget	Projects	Emergency Appeal[1]
Budget	548.6	90.0	473.6
Projected Income	470.3	43.1	232.9
Funding Gap	**(78.3)**	**(46.9)**	**(240.7)**

[1] The Emergency Appeal figure includes emergency appeals for the quick response plan for Gaza in response to the hostilities in January 2009, the Emergency Appeal for the West Bank and the Relief and Early Recovery Appeal for northern Lebanon.

28. Current projections of income and expenditure for 2010, shown in Table 9 below, do not look promising. If those projections prove to be correct, a funding gap will exist in 2010 of $141.2 million (based on indicative estimates from donors as well and forecast PSC recoveries).

Table 9 – Expected funding gap - 2010
(USD millions)

	Regular Budget
Budget	598.5
Projected Income	457.3
Funding Gap	**(141.2)**

29. Income projections, by donor for 2009 and 2010 appear in Table 10 below.

Table 10: Income projections for the general fund - 2009 and 2010 (USD'000s)

Donor	Projected Income 2009	Forecast Income 2010	Donor	Projected Income 2009	Forecast Income 2010
United States	102 464	102 464	Sub-total b/f	421 406	406 251
European Commission	100 990	92 827	Ireland	5 007	5 345
United Kingdom	32 949	36 244	Australia	4 187	4 187
Sweden	36 142	39 254	Luxembourg	3 638	3 868
Norway	38 850	23 310	Japan	2 850	2 850
United Nations	19 400	19 400	Belgium	1 828	1 828
Netherlands	19 685	21 097	Saudi Arabia	1 800	1 800
Canada	13 010	13 010	Kuwait	1 500	1 500
Denmark	13 848	13 225	Austria	1 055	1 055
Spain	11 252	11 252	New Zealand	577	646
Germany	10 687	11 252	Other Donors	5 506	7 010
France	6 394	6 394	Other Income	5 000	5 000
Switzerland	7 042	7 380	PSC recoveries	16 000	16 000
Italy	4 082	4 219			
Finland	4 611	4 923			
Sub-total c/f	**421 406**	**406 251**	**Grand Total**	**470 354**	**457 340**

30. Consequently, resource mobilization is of critical importance to UNRWA. The Agency's donor base is narrowly constructed with over 94 per cent of its regular budget in 2009 being provided by the top 15 donors. Furthermore, a comparison of the top ten donors' performance between 2001 and 2009 shows that only five have increased their contributions during the period. Other donors have maintained or decreased their levels of contributions. This has happened at a time when both expectations and demands upon the Agency have risen to meet the needs of a growing refugee population, maintain standards commensurate with those operational in host authorities as well as coping with the challenge of service delivery within a highly volatile region.

31. To ensure the most effective use of the limited resources available for fundraising, UNRWA has recently developed a Resource Mobilisation Strategy to direct efforts and resources over the next two biennia. The objectives of the Strategy are to:

    a) Increase contributions from donors to the Agency's GF to meet the targets set by the Regular Budget;

b) Make the financing of UNRWA's activities more predictable by pursuing multi-year funding agreements;

c) Broaden the donor base in the governmental and non-governmental sectors, including from the Near- and Middle-East;

d) Seek alternative sources of human resources to fill gaps in the Agency's international staffing; and

e) Enhance the Department of External Relations coordination of fundraising activity with the active involvement of a wide range of Agency actors.

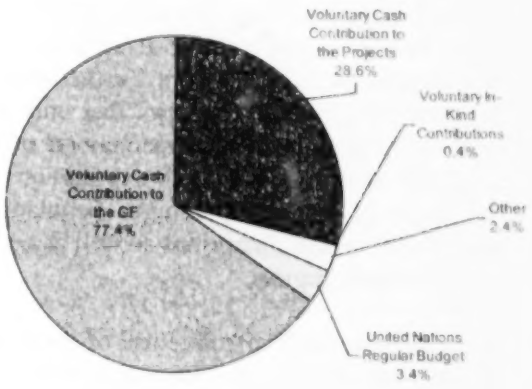
32. The Resource Mobilization Strategy addresses actions to be directed towards increased funding from both governmental and non-governmental sources and considers the mobilization of in-house and external resources to this end.

33. The ability of the Agency to provide its regular services to a population that grows at approximately 2.5 per cent annually is dependent on securing adequate voluntary funding. The Agency is also dependent on additional funding earmarked for projects and emergency operations.

Figure 8 below shows the expected sources of funding of the Agency's total budget volume for 2010 and 2011, including both the regular and projects budgets.

Figure 8: Budget funding – 2010-2011
(USD'000s)

Voluntary Cash Contribution to the General Fund (GF)	1,119,560
Voluntary Cash Contribution to the Projects	490,761
Voluntary In-kind Contributions to the General Fund (GF)	6,900
United Nations Regular Budget[1]	58,200
Other	42,000
Total	**1,717,421**


Voluntary Cash Contribution to the Projects 28.6%
Voluntary In-Kind Contributions 0.4%
Other 2.4%
United Nations Regular Budget 3.4%
Voluntary Cash Contribution to the GF 77.4%

[1] Includes $6.5 million for an additional 14 international posts requested of which only three are expected to be covered from the UN Secretary-General's regular budget.

34. Voluntary contributions will be sought to cover about 94 per cent of total budget volume for 2010-2011, of which 77.4 per cent are cash contributions to the GF, 28.6 per cent of cash receipts to fund projects, and about 0.4 per cent constitute In-kind contributions to the GF.

35. The funding of 122 international posts from the United Nations regular budget accounts for about four per cent annually of total budget volume. The remaining two per cent of other income is derived from the following sources:

a) Interest income and miscellaneous income in the range of $5 million per annum;

b) Funding of six staff posts (two international and four area posts) by UNESCO and four posts (two international and two area posts) by WHO as part of their technical assistance to the Education and Health programmes, respectively.

36. If donor contributions remain static, UNRWA will be able to deliver services only at lower than current quality levels and additional pressure on host authorities may occur. With reductions in the value of contributions over the medium term, further serious compromises in the quality of services, or cuts in certain areas and in staffing would be unavoidable. Full delivery will require better financing than in recent times. An increase in resources, coupled with continued gains in efficiency and effectiveness, will put the Agency in a better position to make progress towards the strategic objectives.

37. While highlighting the Agency's need for additional resources, UNRWA recognises that the current economic climate may place constraints on being able to realise extra donor support. UNRWA recognises that the possibility of future resource scarcity, coupled with growing demands either as a result of population growth or deepening need, requires that the Agency embrace a clear perspective on how to focus its efforts. As part of the strategic planning process for 2010-2015, UNRWA has identified those activities and services that it considers to be the most important among the wide range of its activities (see Table 11 below).

38. UNRWA has identified a set of core services that respond best to the needs of refugees and are fundamental to enabling refugees to enjoy their basic rights. UNRWA will keep these services at the heart of its work, and field operations will therefore have strong similarities in the provisions of these core services. The core services will have first call on resources from the General Fund, though in some instances, project funding may contribute to their achievement as well.

39. Beyond the non-negotiable core services are other services that remain important to UNRWA's field operations. This group encompasses services that:

i) meet the needs of the highly vulnerable, and

ii) provide a clear and measurable contribution to the human development of refugees.

40. The difference between these services and those in the set of core (or highest priority) services is that the focus on and scale of investment in the second priority services is more contingent on field specific conditions than the core services.

Table 11 – UNRWA's priority services*

Priority	Services
Highest Priority: Common to all Fields Core services which UNRWA must ensure: to enable refugees to enjoy their basic rights; and to respond to the human development needs and priorities of refugees.	- Basic education - Comprehensive primary health care - Relief and direct support (cash, food and shelter) to the abject poor (through safety-net and emergency programmes) - Environmental health; and improvement of critically substandard shelter, facilities and infrastructure
Priority level two: Weighting will vary from Field to Field	
(a) Services that meet the needs of the highly vulnerable	- Shelter improvement for the most vulnerable - Social services for the most vulnerable - Support for hospital services for selected conditions for the most vulnerable - Advocacy on protection issues
(b) Services that provide a clear and measurable contribution to the human development of Palestine refugees	- Technical and vocational education - Credit and microfinance from the Microfinance Department - Employment promotion - Environmental protection activities - Technical and vocational education - Credit and microfinance from the Microfinance Department - Employment promotion - Environmental protection activities

* The services or activities included in this table are not an exhaustive list of UNRWA's activities.

United Nations Board of Auditors recommendations - implementation status

41. Table 12 illustrates the current status of 31 recommendations in the United Nations Board of Auditors (UNBOA) report for 2006-2007. As of 31 March 2009, 15 recommendations were implemented with a further 16 under implementation. Four of the 31 recommendations were from the previous report (2004–2005).

42. UNRWA's management is committed to implementing the recommendations, some of which require additional funding, span biennia or require strategic intervention. A number of the recommendations are funded through the OD initiative ending in December 2009.

Table 12: Implementation status of the UNBOA recommendations for the biennium ended 31 December 2007

Department	Number of Recommendations	Withdrawn by UNBOA	Implementation Status		
			Implemented	Under Implementation	Not Implemented
Finance	4		3	1	-
Department of Administrative Support:					
Information Systems Division	9	-	4	5	-
Procurement & Logistics Division	5	-	5	-	-
Programme Coordination and Support	4		-	4	-
Department of Human Resources	6		2	4	-
Department of Internal Oversight Services	2		1	1	-
Department of External Relations	1		-	1	-
TOTAL	**31**	**-**	**15**	**16**	**-**

43. Of the 34 recommendations in the UNBOA report for the biennium ended 31 December 2005, one was withdrawn by the UNBOA, 23 have been implemented and 10 are under implementation. Of the recommendations under implementation, four have been transferred to UNBOA report for 2006-2007. The six remaining recommendations pertain to Results Based Management and are slated for implementation by the end of 2009.

Chapter II

Long and healthy life

Goal

44. Guided by the Millennium Development Goals (MDGs) on health and environmental sustainability, the United Nations Convention on the Rights of the Child and the policies and standards of WHO, UNRWA provides basic health services and is responsible for providing safe water and sanitation in refugee camps. Despite the difficult conditions in which Palestine refugees live, diseases preventable by vaccines and other communicable diseases are under control and infant, child mortality and maternal rates have declined over the past two decades.

45. A long and healthy life will be achieved through interventions led by UNRWA's health programme and camp improvement and infrastructure programme.

Objectives

46. To ensure universal access to quality, comprehensive primary health care.

47. To protect and promote family health.

48. To prevent and control diseases.

Constraints and challenges

49. To sustain the strong performance of the health programme to date, UNRWA needs to adapt its interventions to better respond to pressures such as population growth, deteriorating conditions that make refugees more vulnerable, and new epidemiological challenges. These pressures are already undermining quality.

50. Approximately 66 per cent of eligible refugees use UNRWA's health facilities. Better data is needed to identify instances where refugees are not using services as a result of barriers to access, such as vulnerability, or living in remote locations where there are no services.

51. Field assessments conducted in 2008 showed that the quality of UNRWA's health care is hampered by chronic staff shortages and difficulties in attracting and retaining qualified staff, deteriorating health infrastructure and outdated equipment due to underinvestment. The average number of consultations per doctor per day is around 95, leading to short consultation times that reduce the quality of interaction with a medical professional. The cost of medical supplies and hospital care is rising.

52. While connection of camp shelters to a water network is close to 98 per cent, problems of quality and continuity exist. Inadequate storm-water drainage systems, and substandard

sewerage systems, including open sewers in many camps pose public health hazards in some locations. Communicable diseases, especially those associated with poor environmental conditions, occur. Anemia and iron deficiency, linked to inadequate diet is highly prevalent among preschool and school age children and pregnant and nursing women. Low birth weight levels for infants suggest poor health among women. The incidence of NCDs, such as cardiovascular diseases, diabetes, hypertension and cancers, is rising.

53. The health system would benefit from significant reform and modernisation in the medium to long term to enable it to better deal with growing pressures. New approaches need further examination before implementation, but elements include more partnerships, more outsourcing of services, and a greater focus on services not provided by others.

Financial resources

Table 2-1: Long and healthy life resource requirements by objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To ensure universal access to quality, comprehensive primary health care	154 889
To protect and promote family health	13 598
To prevent and control diseases	30 951
International staff salaries	1 577
Total Regular Budget	**201 015**
Project Budget	**56 450**
Grand Total	**257 465**

Chapter III

Knowledge and skills

Goal

54. Children have a right to education. Achieving universal primary education is the second MDG and the international community has committed to work towards better quality education for all. UNRWA operates 668 elementary and preparatory schools, providing free basic education for nearly half a million Palestine refugee children. Over time, UNRWA's schools have a reputation for low drop-out rates and academic achievement. Literacy rates among Palestine refugees compare well with regional and global levels and there has been gender equity in enrolment since the 1960s.

55. Through its education system, UNRWA has the greatest potential to help Palestine refugee children to thrive, to achieve their potential and to grow up understanding their rights and respecting the rights of others. Basic education, delivered by UNRWA's education programme is therefore considered among the highest priorities of all the Agency's services to refugees. UNRWA's education programme also contributes to the strategic objective on employability.

Objectives

56. To ensure universal access to and coverage of basic education.

57. To enhance educational quality and outcomes against set standards.

58. To improve access to educational opportunities for learners with special education needs (SEN).

Constraints and challenges

59. Despite many achievements, significant challenges need to be addressed to sustain UNRWA's track record in education. While in the Syrian Arab Republic and Jordan, students often outperform their peers in host government schools, data show that education standards have slipped in other locations in recent years. In Gaza, student test results in Arabic and mathematics in 2009 revealed significant underachievement and called for robust action to reverse the decline. Downward trends in performance in primary schools in Lebanon and in the West Bank are also apparent.

60. While school enrolment among refugees remains high in West Bank and Gaza, there are indications that this is not the case in other Fields such as in the Syrian Arab Republic and Jordan where enrolment levels are lower than expected. In addition, while drop-out rates are generally low for middle-income countries, some students are not completing basic education. Needs-assessments point to socio-economic and cultural factors -such as the pressure to work

to support a family- which may explain lower enrolment levels and drop-out rates in some fields.

Financial resources

Table 3-1: Acquire appropriate knowledge and skills resource requirements by objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To ensure universal access to and coverage of basic education.	603 692
To enhance educational quality and outcomes against set standards.	20 693
To improve access to education opportunities for learners with special education needs.	3 841
International staff salaries	1 925
Total Regular Budget	**630 151**
Project Budget	**127 613**
Grand Total	**757 764**

Chapter IV

A decent standard of living

Goal

61. To live with dignity, refugees must be able to attain a decent standard of living: the shelter of a safe place to live; confidence that drinking water is clean; enough food; the opportunity to learn skills that will lead to work; and the chance to escape poverty. The right to a decent standard of living -through adequate shelter, food, clothing and work- are set out in human rights agreements and reinforced in the first MDG, to "eradicate extreme poverty and hunger", which includes targets to achieve productive employment and decent work. The United Nations is also committed to building inclusive financial services for the poor.

62. UNRWA provides direct support to the poorest under its safety-net programme to approximately 250,000 refugees annually; has trained more than 60,000 graduates in technical and vocational skills; provided microfinance products to around 20,000 refugees; and over time has rehabilitated around 13,500 shelters.

63. UNRWA's interventions in support of this goal require an integrated response from its RSS programme, microfinance programme, education programme, camp improvement and infrastructure programme.

Objectives

64. To reduce abject poverty.

65. To mitigate the immediate effects of emergencies on individuals.

66. To offer inclusive financial services and increased access to credit and savings facilities especially for vulnerable groups such as women, youth and the poor.

67. To improve employability.

68. To improve the urban environment through sustainable camp development and upgrading of sub-standard infrastructure and accommodation.

Constraints and challenges

69. Poverty levels among refugees are high and appear to be increasing, most visibly in the West Bank and Gaza. Official data for 2009 indicate that around 24 per cent of refugee households in the West Bank, and 50 per cent in Gaza were below the official poverty line, with about 13 per cent (West Bank) and 35 per cent (Gaza) below the deep poverty line. Between 2006 and 2009 alone, there was an increase of 23 per cent in the number of refugee households living in deep poverty in the occupied Palestinian territory (oPt), even after assistance.

70. Though definitions vary, at the most extreme, UNRWA considers as 'abject poor', refugees who cannot meet their food consumption needs, while others can be described as 'absolute poor': more able than others to meet food and other basic needs, but by any measure living a life of extreme hardship. Among the abject poor, many are likely to remain in their current situation, since disability or age reduces their prospects for making marked changes in their circumstances. In the oPt and in recent years Lebanon, long term poverty is compounded by the effects of emergencies, which affect many, but impact most on the vulnerable.

71. Other poor refugees would be able to exit poverty, in the absence of emergencies, given the right education, training and employment opportunities. While the economic situation in the West Bank and Gaza, as well as limited opportunities for refugees to work in Lebanon are severe limiting factors for poverty reduction, UNRWA can nevertheless make a significant impact on refugees' livelihood prospects by equipping them -through training or microfinance- and helping them to access the right opportunities to exit poverty. In fields such as the Syrian Arab Republic, where youth unemployment is 56 per cent, this is especially critical.

72. And for all refugees, but especially the most vulnerable, UNRWA's work to raise the quality of refugees' shelter to acceptable standards remains vital if refugees are to live with the dignity that is their right. Levels of overcrowding among Palestine refugees are very high, especially in camps in Lebanon, the Syrian Arab Republic and Jordan. And in the Jordan field alone, approximately 10,000 shelters are in need of rehabilitation.

Financial resources

Table 4-1: A decent Standard of Living
Resource Requirements by Objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To reduce abject poverty	80 779
To mitigate the immediate effects of emergencies on individuals	1 115
To offer inclusive financial services and increase access to savings facilities, especially for vulnerable groups[1]	
To improve employability	53 550
To improve the urban environment	11 795
International staff salaries	5 237
Total Regular Budget	**152 476**
Project Budget	**127 613**
Grand Total	**757 764**

[1] Project funded through the Microfinance and Microenterprise Programme.

Chapter V

Human rights enjoyed to the fullest

Goal

73. Just and equitable human development requires respect for human rights. Protection is a cross-cutting theme for the Agency, meaning that protection issues will be taken into consideration in all programming.

74. Responsibility for ensuring programmatic implementation of this goal fall within the remit of the health, education, camp improvement and RSS departments.

Objectives

75. To ensure service delivery meets the protection needs of beneficiaries, including vulnerable groups.

76. To safeguard and advance the rights of Palestine refugees by promoting respect for human rights, international humanitarian law and international refugee law.

77. To strengthen refugee capacity to formulate and implement sustainable social services in their communities.

78. To ensure Palestine refugee registration and eligibility for UNRWA services are carried out in accordance with relevant international standards.

Constraints and challenges

79. The rights and freedoms of Palestine refugees as laid out in international law, humanitarian law and refugee law are frequently ignored or violated by states and authorities in UNRWA fields of operations. This is especially the case in the oPt and Lebanon where critical protection needs arise in addition to those inherent to the situation of all Palestine refugees. The violations relate to a variety of rights: (i) identification and legal status; (ii) the right to life, liberty and the security of the person, denied through deliberate actions by authorities or as a result of lack of law and order or functioning civilian authorities in camps; (iii) the right to recognition as persons before the law, for example through detention without due process; (iv) the right to freedom of movement denied through the access regime in the oPt; and (v) the right to protection from arbitrary displacement.

80. There are clear limitations to UNRWA's ability to address many of these challenges. However, UNRWA's widespread presence and direct contact with refugees gives the Agency a unique understanding of the Palestine refugee situation, and therefore a solid foundation for action. Within the limits of its mandate, and in accordance with the General Assembly's call "upon all

parts of the United Nations to promote human rights and fundamental freedoms" UNRWA has an important role to play in: direct action to deter violations; monitoring violations and interventions to press for remedial action; interventions to ensure due process or release from arbitrary detention; support and advice to individuals; reporting to bodies potentially able to affect protection outcomes; and advocacy at all levels, including through the media and engagement with host governments and the international community to raise and promote the rights of refugees. The presence of international staff, such as the network of Operational Support Officers (OSOs), can be a particularly powerful tool at UNRWA's disposal.

Financial resources

Table 5-1: Human Rights Enjoyed to the Fullest
Resource Requirements by Objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
To ensure service delivery meets the protection needs of beneficiaries, including vulnerable groups	375
To safeguard and advance the rights of Palestine refugees by promoting respect of human rights, international humantarian law and refugee law	560
To strengthen refugee capacity to formulate and implement sustainable social services in their communities	4 819
To ensure Palestine refugee registration and eligibility for UNRWA services are carried out in accordance with relevant international standards	4 356
International staff salaries	1 279
Total Regular Budget	**11 389**
Project Budget	**33 791**
Grand Total	**45 180**

Chapter VI

Operational support services

Goal

81. The goal of operational support services is to assist the Commissioner-General in achieving UNRWA's four Human Development Goals for Palestine Refugees. This includes effective management and operational and administrative services at Agency, field, area and camp levels which are instrumental to the Agency's operations.

82. This goal is achieved by the following Headquarters Departments and the corresponding units in the Field Offices:

(i) The Commissioner-General's Office (including the Executive Office, the Spokesperson and Public Information Offices, the Representative and Liaison Offices, Programme Coordination and Support Unit)

(ii) Administrative Services Department

(iii) Human Resources Department

(iv) Finance Department

(v) Department of Legal Affairs

(vi) Department of Internal Oversight Services

(vii) External Relations Department

Objective

83. To provide efficient and effective direction and operational and administrative support to UNRWA's operations at all levels.

Constraints and challenges

84. UNRWA enjoys the confidence of a number of major donors. However, due to the global economic downturn, income forecasts for 2010-2011 are of concern. Financial cuts will put unprecedented pressure on support departments. Mobilizing sufficient resources will be a priority. The timeliness of funding, particularly for food purchases, is already problematic leading to additional procurement costs and possible stock ruptures.

85. The operating environment is expected to remain volatile. The likelihood of outstanding tensions and conflicts remains high. Security-related service disruptions and limited ability for staff to travel within, to and from the oPt will continue to cause additional costs and delays in

support services delivery in the West Bank and Gaza. Exchange rate fluctuations and uncertainty regarding commodity and other operational costs will remain problematic.

86. Sustainability and performance of support services require recurring investment in material, machineries and human resources. If the Agency's financial forecasts for 2010 – 2011 prove correct, UNRWA will be unable to replace its aging vehicle fleet, maintenance standards will decline and deficiencies in UNRWA's IT systems will remain unmet. Attracting and retaining qualified staff will continue to be a challenge.

87. Further harmonization with the United Nations system is required for procurement, human resources and financial arrangements. The Agency will be heavily involved in the introduction of an Enterprise Resource Planning System and must develop interim solutions for better monitoring and management that are transparent, useful and robust, yet affordable.

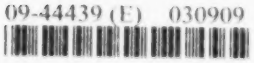
88. Most management reform initiatives of the OD Plan of 2007-2009 have been implemented. Consolidation of the management reforms is needed in 2010-11. The capacity of service departments to fully support a decentralized results-based management system needs to be built. Full operationalisation of the OD plan and the associated staff capacity-building, process/system improvement will be challenging in the current financial context.

Financial resources

Table 6-1: Operational Support Services
Resource Requirements by Objective
(Cash and In-kind, USD'000s)

	2010-2011 Estimate
Provide efficient and effective direction and operational and administrative support to UNRWA's operations at all levels	
Commissioner General's Office	2 642
Administrative Services Department	99 217
Human Resources Department	11 342
Finance Department	11 078
Department of Legal Affairs	288
Department of Internal Oversight Services	1 503
External Relations Department	2 536
International staff salaries	51 239
Total Regular Budget	**179 845**
Project Budget	**39 286**
Grand Total	**219 131**

09-44439 (E) 030909



Please recycle